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Penny for your pint: The tricky art of buying kindness

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At a recent blood donation drive organised by Red Cross Singapore, 567 units of blood were collected, exceeding the target of 500 units. First-time donor Chong Ser Chiong, 32, wanted to break some long-standing myths. "Our parents and the older generation perceive that blood donations are unhealthy and bad, but it does not affect the way youths think about blood donations," he said.

19-year-old Priya Shalini Ann, a donor, said: "Initially, I was scared to donate blood. But, after my first experience, I realized it was not that bad after all." The second time donor added that she derives her motivation from the knowledge that her donations might save lives.

Not every blood donor shares the same pro-social motivation as Chong and Priya, for there may be people who can be motivated by material incentives; incentives as simple as a free cholesterol test or even a free lottery ticket. Yet, a commonly held theory has been that material incentives might backfire and undermine the pro-social factors that appeal to donors like Chong and Priya, which consequently, might cause a drop in the willingness of donors to come forward.

With that in mind, Lorenz Goette, an economist from the University of Geneva, and Alois Stutzer from University of Basel's Centre for Economic Science, conducted a large-scale field experiment in Switzerland to examine the extent to which different material incentives might influence blood donation, and whether or not the use of incentives can overcome donation shortages that have relied mainly on the pro-social consciousness.

Why is this experiment relevant?

Stutzer, who spoke in a recent seminar at Singapore Management University (SMU), argued that the development of more efficient medical systems and aggressive oncological therapies have increased the overall demand for blood. Compounded by the reality that blood cannot be stored for a long time and that the frequency of blood donations per donor is limited, there is a need to understand how donors can be motivated to give blood where possible or required.

"Most economic models, including those incorporating pro-social preferences explicitly, predict that selective incentives increase blood donations. Yet, there is a deep-rooted scepticism about using incentives in blood donations, even on a temporary basis. That scepticism is based on the conjecture that using incentives may undermine the motivation to donate blood," wrote the authors in their paper "Blood Donations and Incentives: Evidence from a Field Experiment".

Thus in the summer of 2006, in collaboration with the Zurich Blood Donation Service of the Swiss Red Cross, Goette and Stutzer sent an invitation to 12,268 potential blood donors from an existing database. Some donors received a card offering a reward - a free cholesterol test or a lottery ticket. The card also had a tagline which clearly appealed to the pro-social motivation of potential donors: "This summer, you can make a difference." But, as the result of the experiment showed, material incentives had no negative incentive effects on blood donations.

The effectiveness of material incentives

In their paper, Goette and Stutzer established a "third generation" model that comprises essentially two types of donors, a selfish type that responds to material incentives, and a pro-social type who is motivated by signalling effects - to show themselves and others that they are altruistic, such that the act is both an affirmation and projection of their own self-views.

In this experiment though, the fact that the invites with the promised rewards are unknown (in the form of a lottery ticket), Goette and Stutzer considered only the self-signalling motivation to be operational. The concern was that by offering financial incentives, the activity of blood donation might become like any other economic transaction, thereby losing its pro-social signalling ability.

The study separated the sample into two groups: infrequent donors and frequent donors, based on the number of times an individual responded to the last four invites (two times or less for infrequent donors). The authors predicted that the selfish type would increase donations in response to material incentives while the pro-social types would decrease donations.

The results showed an improvement in the infrequent donors group but no change in the frequent donor group. Also,

the assumption that people would choose to donate due to the offer of a material incentive (in the form of a lottery ticket) proved to be arbitrary.

It is possible that it is not the monetary incentive per se, but the perception of the incentive that decreases the pro-social image or motivation. A question was raised: Could an alternative incentive like transport credits (that can be presented as making it easier to get to the centre) circumvent the negative pro-social image while still maintaining an appeal to "selfish donors"? Stutzer noted, "So far, there is no evidence for alternative framings of a monetary reward."

However, he added, "Directors of German blood donation centres who reimburse a flat amount for travel costs emphasise that their donor would see this compensation as a moral entitlement. They would no longer donate if they would not get this reward. If their gut feeling is correct, this suggests a reaction very close to the motivation crowding out." What this means is that incentives can change the way individuals think about the activity; that as soon as donors are used to the privileges of having their transport costs reimbursed, the reimbursement would be perceived as a right. Once that is taken away, people begin to react negatively. "It is generally understood that it is more difficult to build up intrinsic motivation than to destroy it," he said.

The perception of the donors can also be influenced by several variables, such as income levels (high income earners might view such monetary incentives as insignificant), the country that they come from, their culture and even religion. Another variable, one that Stutzer pointed out in his paper, is the location of the donation centre and the day of the week of the donation drive.

Implications and applications

As with all studies, there are some limitations. Stutzer pointed out that the insights generated are limited, with regard to how people's motivations emerge. "Research in psychology emphasises an institutional environment that fosters self-determination, that is, people experience autonomy in their decisions, competence in their work and relatedness in their environment." So it is difficult to determine the fluidity of these motivations within an individual. But it brings to question the possibility of redirecting resources to alter these motivations.

Stutzer suggested that it might be interesting to apply this study to people who do voluntary work. Such a study could, in a similar way, help to explain how volunteers might be motivated to extend their volunteering time at short notice. A study like that would also help Stutzer and Goette examine if the results and framework from their experiment can be used on other pro-social activities. Stutzer noted that there has been "substantial evidence in psychology" to suggest that this selfish-pro-social delineation applies to other pro-social activities, like recycling, for instance.

For Stutzer, the challenge is to motivate people to think and to form preferences with regard to pro-social activities. While he did not elaborate on the means through which people may be incentivised, he believes that perhaps a more definitive and collaborative study, involving specialists in the fields of economics and social psychology, might throw more light on the motivations behind progressive, pro-social behaviours.

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